

Message Text

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PAGE 01 USUN N 01824 300520Z

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ACTION IO-13

INFO OCT-01 ISO-00 AF-08 ARA-06 EA-07 EUR-12 NEA-10

CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03 NSAE-00 NSC-05

PA-01 PRS-01 SP-02 SS-15 USIA-06 ABF-01 TRSE-00 OMB-01

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TAGS: AORG, PORG, UN, AFIN

SUBJ: UN FINANCES: NEGOTIATING COMMITTEE ON THE UN FINANCIAL
EMERGENCY

REF: USUN 1757

1. SUMMARY: COMMITTEE HEARD GENERAL DEBATE STATEMENTS BY
TURKEY, IRELAND, ITALY, JAPAN, GDR, FINLAND, POLAND, FRG
AND IRAN. FRG, JAPAN AND SEVERAL OTHERS EMPHASIZED IMPORTANCE
OF WITHHOLDING, WHILE POLAND AND GDR EMPHASIZED NEED FOR
OVERALL BUDGETARY RESTRAINT. NEXT MEETING WILL BE APRIL 29,
AT WHICH GENERAL DEBATE WILL CONCLUDE WITH STATEMENTS BY
ECUADOR, USSR, USA, TRINIDAD AND TOBAGO, AUSTRIA AND COLOMBIA.
END SUMMARY

2. TURKISH REP (KIVANC) SAID UN CASH FLOW AND LIQUIDITY
PROBLEMS WOULD BE HELPED BY PROMPT AND FULL PAYMENT OF ASSESSED
CONTRIBUTIONS. HE SUGGESTED GA MIGHT ENCOURAGE MEMBER STATES
TO SET UP AUTOMATIC APPROPRIATIONS PROCEDURES AND THAT LEGAL
POSSIBILITIES OF CHARGING INTEREST ON UNPAID ASSESSMENTS
MIGHT BE DISCUSSED. KIVANC URGED MORE CONDITIONAL VOLUNTARY
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PAGE 02 USUN N 01824 300520Z

CONTRIBUTIONS, PRAISING JAPANESE EXAMPLE. HE RECOMMENDED

CONSIDERATION OF OTHER ALTERNATIVES, SUCH AS AUTHORIZATIONS TO BORROW AT INTEREST FROM UN TRUST FUNDS AND INCREASE OF THE WORKING CAPITAL FUND, BUT CHARACTERIZED THESE AS "SHORT-TERM AND TIME-BUYING ACTIONS." KIVANC SAID WITHHOLDING PROCESS WAS MOST IMPORTANT ISSUE BEFORE COMMITTEE AND SUGGESTED POSSIBILITY OF REMOVAL OF SOME RELATED SECTIONS FROM REGULAR BUDGET.

3. IRISH AND FINNISH DELS MADE BRIEF CONCILIATORY STATEMENTS, POINTING OUT THAT SOME OBSTACLES TO A SOLUTION HAVE BEEN REMOVED. THEY EMPHASIZED THAT THE UN CANNOT DO ITS IMPORTANT WORK WITHOUT A STRONG FINANCIAL BASIS.

4. ITALIAN REP (QUENTIN) MADE FORCEFUL STATEMENT, ALSO EMPHASIZING THAT FINANCIAL SOUNDNESS IS A PRE-REQUISITE FOR "EFFICIENT AND FRUITFUL ACHIEVEMENT OF UN GOALS." IN AN INTERESTING APPEAL TO THE SOVIETS, HE CALLED ATTENTION TO THE FACT THAT THEIR WITHHOLDING HAS NOT RESULTED IN ANY ALTERATION OF THE POLITICAL ACTIONS WITH WHICH THEY DISAGREED AND CONCLUDED THAT "WITHHOLDINGS HAVE SERVED TO EXPRESS LOUDLY A POLITICAL DISAGREEMENT WHICH MIGHT POSSIBLY HAVE HAD THE SAME IMPACT EVEN IF EXPRESSED IN A DIFFERENT WAY." HE ALSO SAID THAT THIS DISAGREEMENT HAD "CONCRETE AND NEGATIVE REPERCUSSIONS ON THE VITAL FUNCTIONING OF THE UN SYSTEM ITSELF AND WAS STRANGLING ITS VERY MEANS OF SURVIVAL." HE THEN EXPRESSED GRATITUDE TO THOSE (I.E., THE FRENCH) WHO HAD STOPPED WITHHOLDING. QUENTIN WAS THE ONLY SPEAKER SO FAR TO BRING IN THE GENEVA GENERAL SERVICES SALARY DISPUTE, EXPRESSING HOPE "THAT SUCH EPISODES WILL NOT BE REPEATED," AND SUGGESTING THAT IT WAS AS MUCH A CAUSE OF THE UN FINANCIAL PROBLEM AS WAS SOVIET WITHHOLDING. HE CONCLUDED BY CALLING FOR MUTUAL CONCESSIONS IN AN EFFORT TO REACH A SOLUTION.

5. JAPANESE REP (AKASHI) MADE ELOQUENT STATEMENT, ALSO EMPHASIZING POLITICAL NATURE OF PROBLEM. HE CALLED WITHHOLDING OF ASSESSED CONTRIBUTIONS "THE KEY FACTOR" CAUSING THE ACCUMULATING DEFICIT OF THE UN WHICH WAS A MATTER OF "DEEP REGRET" TO HIS GOVERNMENT. HE SUGGESTED, AS PART OF A COMPROMISE PACKAGE, THAT THE UN BOND ISSUE BE REMOVED FROM LIMITED OFFICIAL USE

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PAGE 03 USUN N 01824 300520Z

BUDGET EXPENDITURES AND FINANCED FROM MISCELLANEOUS INCOME. HE URGED OTHER MEMBER STATES TO FOLLOW JAPAN'S EXAMPLE IN MAKING VOLUNTARY CONTRIBUTIONS UNDER GENERAL ASSEMBLY RESOLUTION 3049. RE WORKING CAPITAL FUND, AKASHI SAID IT WAS NO MORE THAN A TEMPORARY PALLIATIVE WHICH MIGHT "DULL OUR ZEAL TO COME TO GRIPS WITH THE FUNDAMENTAL CAUSES OF THE FINANCIAL AILMENT FROM WHICH THE ORGANIZATION HAS BEEN SUFFERING FOR THE LAST 15 YEARS."

6. GDR REP SAID HIS GOAL WAS A BUDGET WITH NO WITHHOLDINGS. HE SUGGESTED THAT DEVELOPED COUNTRIES RENOUNCE THEIR CLAIM TO BOND REPAYMENTS AND THAT DEVELOPING COUNTRIES' BONDS BE COVERED BY VOLUNTARY CONTRIBUTIONS. HE ALSO PROPOSED REMOVAL OF TECHNICAL ASSISTANCE FROM THE REGULAR BUDGET AND INCREASE OF VOLUNTARY CONTRIBUTIONS TO THE UNDP BY THE SAME AMOUNT. REMAINDER OF HIS STATEMENT WAS DEVOTED TO DIATRIBE AGAINST WASTE AND INEFFICIENCY IN UN SECRETARIAT.

7. POLISH REP (SOKALSKI) MADE LONG AND RESTRAINED STATEMENT, REPEATING SOME OF GDR THEMES, BUT EMPHASIZING THAT FINANCIAL "EMERGENCY" WAS NOT REALLY AN EMERGENCY. TO BUTTRESS THIS STATEMENT, HE QUOTED FROM WALDHEIM PRESS STATEMENT OF JAN 9, 1976 (UN PRESS RELEASE NO. 2291) WHICH SAID THAT "WE HAVE THE NECESSARY MEANS." SOKALSKI ALSO SPOKE AT GREAT LENGTH ABOUT INEFFICIENCY AND WASTE WITHIN THE UN SECRETARIAT. HE JUMPED ON SECRETARIAT FOR PROPOSING THAT CONTRIBUTIONS RECEIVED FOR UNEF/UNDOF COULD BE USED TEMPORARILY TO MEET CASH REQUIREMENTS OF REGULAR BUDGET. HE SAID UNEF WAS "FIRST FINANCIALLY VIABLE PEACEKEEPING OPERATION OF UN," BECAUSE ITS BUDGET WAS SEPARATED FROM THE REGULAR ADMINISTRATIVE EXPENDITURES OF THE ORGANIZATION.

8. FRG REP (SCHMIDT) SAID THAT "COLLECTIVE RESPONSIBILITY OF THE MEMBER STATES FOR THE SOUND FINANCIAL SITUATION OF THE ORGANIZATION" MEANT THAT COLLECTIVE EFFORTS SHOULD BE MADE TO FIND WAYS AND MEANS OF STOPPING WITHHOLDING. IF THIS PROVES IMPOSSIBLE, THE ONLY ALTERNATIVE IS "TO ADJUST THE COLLECTIVE EXPENDITURE OF THE UN TO WHATEVER CAN BE FINANCED COLLECTIVELY." HE ALSO STATED HIS GOVT'S OPPOSITION TO "FINANCING OF WITHHOLDINGS VIA THE WORKING CAPITAL FUND (WCF) OR ANY OTHER GENERAL ASSESSMENT." HE IMPLIED THAT PRESENT LIMITED OFFICIAL USE

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PAGE 04 USUN N 01824 300520Z

PRACTICE OF DEPLETING WCF WAS CONTRARY TO UN FINANCIAL REGULATIONS AND RULES.

9. IRANIAN REP (TALIEH) MADE BRIEF CONCILIATORY STATEMENT, AND LIKE SEVERAL PREVIOUS SPEAKERS, AGREED WITH PAKISTAN PROPOSAL THAT WORK PROGRAM SHOULD FOLLOW OUTLINE SUGGESTED BY COMMITTEE OF 15.
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